



WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT

Division of Workforce Solutions
Bureau of Workforce Programs

**TO: Economic Support Supervisors
Economic Support Lead Workers
Training Staff
Child Care Coordinators
W-2 Agencies**

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BWSP OPERATIONS MEMO

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2720
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Non W-2 ☒ **W-2** ☒ **CC** ☐

PRIORITY: Medium

SUBJECT: INDIVIDUAL DEVELOPMENT ACCOUNTS

CROSS REFERENCE: Operations Memo 00-09.

EFFECTIVE DATE: Immediately

PURPOSE

The guidance in this Operations Memo supercedes the guidance in the paragraph concerning "Treatment of IDA Savings, Assets for Independence and Refugee Assets, and Community Reinvestment" on page 3 of Operations Memo 00-09.

This memo:

1. Modifies treatment of savings in Individual Development Account (IDA) programs funded under the Assets for Independence Act (AFIA) for determination of Food Stamp (FS) eligibility.
2. Responds to questions which have arisen regarding IDA accounts and the Community Reinvestment program.

BACKGROUND

IDA programs are designed to help low-income people accumulate assets which will help them avoid long-term poverty. In an IDA program, an eligible individual signs a savings agreement with a participating agency to save earned income for a specified purpose. The client savings are put in a segregated bank account and matched with program funds. The savings and match can only be withdrawn and used for the limited purposes specified in the program. The saving agreement typically allows for 2 years in which to save the funds and an additional 2 years in which to spend the savings. Several different federal and state programs can fund IDAs, and many banks and foundations are also supporting such efforts nationwide. The rules

for allowable purposes for savings, match rates, and the treatment of savings and interest in IDA programs vary, depending upon the funding source.

IDA SAVINGS AND PROGRAM ELIGIBILITY/BENEFITS

Operations Memo 00-09 indicated that participant savings in IDA programs funded by the Office of Community Services under the Assets for Independence Act (AFIA) were counted assets for W-2, Food Stamps, Medical Assistance and Refugee Cash and Medical Assistance. A waiver has been received from the Food and Nutrition Service, making these savings exempt under the Food Stamp program. However, the waiver request with regard to the Refugee Program was denied. Therefore, effective immediately:

1. Individual client contributions made to IDAs established under AFIA are exempt assets for the purpose of determining eligibility for food stamps.
2. Individual client contributions made to IDAs established under the Refugee Act continue to be counted assets for food stamps and other programs
3. Individual client contributions to savings in both AFIA and Refugee programs continue to be counted assets for W-2, Medical Assistance and Refugee Cash and Medical Assistance.
4. If a W-2 agency uses Community Reinvestment (CR) or other TANF funds to establish IDAs, the client savings in those IDAs continue to be an exempt asset for all programs.
5. The match funds reserved for a participant in any IDA account, and the accrued interest for the client saving and the match, are not available to the client and are not considered in eligibility for any program since the client cannot access those funds.

ASSET EXEMPT / NOT EXEMPT MATRIX

Program	Funding Sources		
	AFIA	TANF/CR	ORR
MA	Not Exempt	Exempt	Not Exempt
FS	Exempt	Exempt	Not Exempt
W-2	Not Exempt	Exempt	Not Exempt

DETERMINATION OF IDA ELIGIBILITY UNDER COMMUNITY REINVESTMENT AND OBLIGATION OF FUNDS

Q1: Once a participant is determined eligible, how long does eligibility last?

A1: Determination of eligibility is made at the time of enrollment, when a participant signs a savings agreement and opens a savings account. The participant remains eligible for one year without redetermination. If the client terminates participation in the IDA and subsequently wishes to re-enroll in the program, eligibility must be redetermined. Participants receiving non-assistance or group services are not required to notify CR program providers of changes in income and other eligibility status within their initial 12 months period of service. If a client loses eligibility prior to completion of the savings goals, they can retain the match funds provided to that point, but these match funds may only be accessed for the limited purpose of the agreement.

However, a match commitment using CR funds must not be made for a period which exceeds the time of eligibility of the youngest child. A saving agreement for a family which is "aging out" of the program should not commit CR funds beyond the 18th birthday (or under age 19 and is a full time student in secondary school or its equivalent level of vocational or technical training) of the youngest child in the assistance group.

Q2: Can a W-2 agency obligate CR funds for periods which extend beyond 12/31/01 since the savings programs will therefore exceed the time frame of the W-2 contract?

A2: Yes. The savings agreement is a legal encumbrance of funds, effective at the time of participant enrollment. At that time, the IDA agency puts in a reserve account an amount equal to the savings commitment made by the participant. As the participant accrues savings, funds are transferred from the reserve account to a parallel account for the specific participant. The participant cannot access these match funds until he or she makes an allowable purchase in accordance with the savings plan. If the IDA agency has an obligation for a specified amount of funds incurred within the W-2 contract period, the IDA agency may bill the W-2 agency for the amount of match funds which are put into the reserve account for eligible clients enrolled prior to the end of the W-2 contract period.

Q3: What happens if a participant drops out without collecting obligated match funds?

A3: At its discretion, the W-2 agency may allow the IDA agency to use the reserved match funds for another participant if the participant drops out during the W-2 contract period. Any encumbrances which lapse from a reserve account **after the W-2 contract period** must be returned to the W-2 agency and the W-2 agency must refund them to the state.

DOCUMENTATION OF ELIGIBILITY

IDAs are non-assistance services. As indicated in the **Wisconsin Works Manual**, Appendix VI, page 1, the W-2 agency or its subgrantee must document eligibility for TANF.

It may use the model W-2 CR Participation Application, or the IDA agency's own program application, so long as the W-2 agency receives all the information on the model application necessary to determine eligibility.

CARES

CARES will be modified to include a code to record IDA's as an asset. The "Assets Exempt/Not Exempt" matrix on page 2 will be integrated into CARES logic.

Until this new coding is integrated into CARES, workers should record IDA information in the case notes, but do not enter it as an asset into CARES unless the IDA is considered a non-exempt asset for the services sought as prescribed by the "Asset Exempt/Not Exempt" matrix.

CONTACT

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Note: Email contacts are preferred. Thank you.